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Supreme Court of the United States

OCTOBER TERM, 1951

No. 153

HOPE BASKET COMPANY, a corporation, WALTER VERHALEN, R. A. DENNISON, and WALTER VERHALEN II, doing business as WALTER VERHALEN COMPANY, a partnership, *Petitioners,*

v.

PRODUCT ADVANCEMENT CORPORATION and ST. JOE MACHINES, INC., *Respondents.*

PETITION FOR A WRIT OF CERTIORARI TO THE UNITED STATES COURT OF APPEALS FOR THE SIXTH CIRCUIT AND SUPPORTING BRIEF.

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PRODUCT ADVANCEMENT CORPORATION and ST. JOE MACHINES, INC., *Respondents.*

PETITION FOR A WRIT OF CERTIORARI TO THE UNITED STATES COURT OF APPEALS FOR THE SIXTH CIRCUIT.

To The Honorable The Chief Justice and The Associate Justices Of The Supreme Court Of The United States:

Your Petitioners, Hope Basket Company, a corporation, Walter Verhalen, R. A. Dennison, and Walter Verhalen II, doing business as Walter Verhalen Company, a partnership, respectfully pray for a Writ of Certiorari to the United States Court of Appeals For The Sixth Circuit to review a judgment of that Court entered on March 29, 1951.

A certified transcript of the record, including the proceedings in said Court of Appeals, is furnished herewith, in compliance with Rule 38 of the Rules of this Court.

Summary Statement of the Matter Involved.

The present action was brought by petitioners against the respondents for a Declaratory Judgment to determine petitioners' rights as licensees under five royalty license agreements executed April 1, 1930 (R. 4, 12-13); to have Schmidtke Basket Patent No. 1,895,586 declared invalid for attempted undue extension of patent monopoly (R. 10, 13); and to secure the return of money inadvertently paid as royalty under said license agreements since April 1, 1947 (R. 9, 13), which was the date of expiration of Schmidtke Method and Apparatus for Making Baskets Patent No. 1,752,856.

Petitioners are manufacturers and sellers of the common continuous stave wood veneer bushel baskets and respondents are the licensing agent and owner of patents pertaining to such baskets and their manufacture.

This action is in the nature of a test case (R. 221) as respondent, Product Advancement Corporation, claims some 50 licensees (R. 277, 278) who have been operating under licenses identical with or similar to petitioners', and some of those other licensees have assisted financially in the cost of this litigation in order to obtain a determination of rights under such license agreements. (R. 221)

Petitioners paid substantial royalties to respondents for the full 17 years of the life of respondents' Method and Apparatus patent No. 1,752,856 from the date of its grant on April 1, 1930, to the date of its expiration on April 1, 1947 (R. 223); but petitioners contend they had no obligation to pay royalty thereafter under respondents' Basket Patent No. 1,895,586 which did not expire until January 31, 1950; that respondents' attempt to enforce this second patent against petitioners and the other licensees is unlawful as an undue extension of patent monopoly; that respon-

dents had a monopoly for the full 17 years of the life of the original patent No. 1,752,856 but could not extend that monopoly for additional years through the use of patent No. 1,895,586 which latter patent was issued as a division of patent No. 1,752,856.

Both courts below (R. 213, 292) held that the Basket Patent No. 1,895,586 extended the duration of the license agreements beyond April 1, 1947, the date of the expiration of the Basket Making Method and Apparatus Patent No. 1,752,856; they held (R. 216, 293) that the Basket Patent was valid; and they held (R. 221, 298) that royalties paid by petitioners since April 1, 1947, could not be recovered.

In view of the decisions of the Courts below, petitioners were in the position of having apparatus and using methods for making baskets which they had used for the full 17 years of the life of patent No. 1,752,856 for the sole purpose of making baskets covered by patent No. 1,895,586, but which they were not free to use after the expiration of patent No. 1,752,856 on April 1, 1947, unless they then paid royalty under patent No. 1,895,586.

Patent No. 1,752,856 (R. 244) shows in Fig. 1 the identical basket of patent No. 1,895,586 (R. 252A). The inventor is the same in both patents and the latter issued on a divisional application, divided from the application for the first patent.

Patent No. 1,752,856 shows in Fig. 3 the entire machine which has no other purpose or use than the manufacture of the baskets of the Basket Patent. Figs. 5, 6 and 7 show so-called attachments which are part of the machine and have no use other than the manufacture of the baskets of the Basket Patent.

In patent No. 1,752,856 (R. 244) in the first page of his specification, in column 1, the patentee states:

> "My invention has reference to a *basket* which is formed from a mat having a radial series of panels which are bent at an abrupt angle to the center portion of the mat to form an annular wall, and my invention also has reference to the method and apparatus for making baskets of this character." (Emphasis added.)

The patentee also states in column 1 and column 2:

> "The principal objects of my invention are * * * to avoid the rounded bend at the bottom which has been present in *baskets* of the character heretofore formed from a mat similar to that used in the manufacture of my present *basket;* to form the bottom and annular walls from a mat which is bent abruptly at the juncture of the annular side wall and the bottom; * * * to arch the bottom of the *basket* to afford strength and rigidity; to hold the *basket* bottom rigidly in place by a confining band; to confine the lower end of the *basket* and the *basket* bottom by means of an annular band while the bottom is arched or pressed inwardly so as to permanently retain the *basket* bottom substantially in the pressed in position; * * *". (Emphasis added.)

As to Fig. 1 of patent No. 1,752,856, the inventor says:

> "Fig. 1 is a side view of a *basket* made in accordance with my invention, portions thereof being broken away to disclose details of the construction; * * * Fig. 3 a side view of a machine for making *baskets in accordance with my present invention;*" (Emphasis added.)

It is not believed necessary at this time to explain the apparatus and method described in detail in patent No. 1,752,856 but suffice it to say that the specification describes both the method and apparatus and also the only basket which is intended to be made by the invention. That basket, of course, is the same basket described and claimed in patent No. 1,895,586 which issued about 3 years later.

In patent No. 1,752,856, claim 3 is representative of the machine or apparatus claims and is as follows:

> "3. In a machine for making frusto-conical *baskets* with an arched bottom, the combination of a work holder having means for arching the *basket* bottom and holding the marginal edge of the latter at an abrupt angle to the adjoining edge of the *basket* side wall, and a hoop applying device for applying a hoop on the smaller end of the *basket* over the juncture of said abrupt angled portions of the bottom and side wall." (Emphasis added.)

Claim 15 is representative of the method claims and is as follows:

> "The method of reinforcing a *basket* bottom of crossed diametrically arranged panels having integral extensions at the ends forming the *basket* side walls, which consists in arching the *basket* bottom and securing upturned portions of said extensions along the periphery of the arched bottom within a *basket*-bottom embracing-hoop to maintain the bottom in its bulged condition and under tension." (Emphasis added.)

With respect to the Basket Patent No. 1,895,586 (R. 252A), the drawing, of course, shows the same basket and Fig. 1 thereof is identical, except as to numerals, with Fig. 1 of the earlier patent. In this later basket patent, the objects of the invention are stated to be the same as the objects in the earlier patent, and claim 2 is as follows:

> "2. A container formed out of a plurality of veneer strips each comprising a bottom member and an integral pair of staves, each stave being bent up angularly to the bottom member, all of the bottom members crossing each other, and a plurality of spaced hoops secured to the outer sides of the staves one of said hoops being located adjacent the ends of the bottom members, said bottom members being bowed inwardly of the container and held from straightening out by the latter hoop."

The District Court below held:

> "The claims of the machine patent are not co-extensive with the claims of the basket patent and do not teach or disclose all that is found in the latter patent. In other words, the basket patent represents a distinct, different, and separable invention from that of the prior machine patent." (R. 217)

The Court of Appeals held to the same effect.

The District Court held:

> "* * * that under the claims of the machine patent, the attachments referred to in the attachment licenses

could be utilized to make a basket different from that claimed in the basket patent." (R. 217)

The Court of Appeals held:

"Different baskets from those specified in the basket patent can be made on the Schmidtke machine patent herein involved." (R. 294) and also;

"The baskets can be made by hand or by other methods without infringing the machine patent. There are other patented basket machines available. Dudley Patent No. 1,751,728; Craig Patent No. 1,757,294." (R. 294)

In regard to the foregoing quotations, it is evident from an examination of the two patents in question that they are co-extensive to the extent that the machine of the machine patent is intended for the sole purpose of making the basket which is fully described therein, that is the basket of the basket patent. There is no other use or purpose for that patented machine.

The patented machine attachments could not be utilized to make a different basket. If the licensed attachments which made the machine patent patentable were discarded, the basic machine supplemented by other non-patented attachments could be used to make a non-patented basket. Such change would mean that the licensed machine and attachment of the expired machine patent was not being used.

There was no proof that the baskets could be made by hand, but the real question is not some possible non-commercial way of making a basket but the right of continuance of the use of the commercial machine on which petitioners had paid royalty for the full 17 year life of the licensed patent, and on which the patent had expired.

The Dudley and Craig patents referred to by the court were subordinate to the Schmidtke Method and Apparatus patent, as the latter patent was awarded priority over them in a Patent Office interference proceeding. (R. 191)

The unitary concept of the invention involved in both patents was in effect conceded by respondents' counsel in his opening statement at the trial of this cause when he stated as follows (R. 125, 126):

> "Your Honor, there is one phase of the invention before this court, and that is the manufacture of baskets. I believe your Honor has been told that the round-bottom basket has a so-called allegedly round bottom, it has straight sides, and so on, but it is a very simple matter to make a through-stave round bottom basket. This basket must be held in position while the hoops are being put on, and, of course, if I have something holding that basket around its bottom, to put on the upper hoop and the middle hoop—that is a very simple thing, but if there is an element over the bottom of that basket, how am I going to apply a bottom hoop? So the invention had to consist in some means of holding that basket, causing that basket to rotate for the stitching of the bottom hoop thereon, which was some thing that has never been done before. Now the question is, does the hen come before the egg? Was the basket invented before the machine, or was the machine the result of the basket?"
>
> "In any event there had to be some thing, some way, some means of getting the holder at the bottom of the basket so that a hoop could be stitched on the bottom.
>
> "Now they have, of course, the so-called stitched in bottom, whereby the basket itself had no bottom at all, they made a separate bottom, after the basket side wall was formed, and they stitched that in on a stitching machine. They made another basket in which they made the outside walls and then later they put a board in the bottom, and then stitched it. But this is the first time—it was the Schmidtke invention that made it possible to apply a bottom hoop, to apply it successively in quantities, by machinery."

The respondents claimed at the time of the trial of this case in June of 1949 that they had some 50 basket making factories as licensees (Defendant's Exhibit D 23, R. 277, 278), and the net result of the decision below is that not

only the petitioners here, but also the other 49 licensees listed, are required to pay royalty for the continued use of licensed patented machinery on which the patent expired April 1, 1947.

Jurisdiction.

1. This is a suit arising under the Declaratory Judgment Act, Section 274(d) of the Judicial Code (28 U.S.C. Sec. 400) and under the Patent Laws of the United States, Sec. 24(7) of the Judicial Code (28 U.S.C. Sec. 41(7)).

2. The jurisdiction of this Court is involved under Sec. 240(a) of the Judicial Code, as amended (28 U.S.C. 347) and Rule 38(5)(b) of the rules of this Court.

3. The date of the judgment which petitioner seeks to have reviewed is March 29, 1951. There was no petition for rehearing.

Questions Presented.

1. Are licensees under an expired patent covering apparatus and methods, and who had paid royalty for the full 17 year life of the patent, entitled without the payment of additional royalty to the continued use of such apparatus and methods after the expiration of such patent?

2. Is a patent on a basket which is the sole product of apparatus and methods covered by an expired patent, invalid for undue extension of patent monopoly?

Reasons Relied Upon for the Allowance of the Writ.

1. Respondents here conduct a patent licensing operation covering approximately 50 licensees in some 18 different states of the United States and apparently are requiring from many licensees, besides petitioners, royalty under claimed patent right for the continued use of machinery and methods on which the patent monopoly has expired, which presents a matter of considerable public interest.

Marconi Wireless Tel. Co. v. *United States,* 320 U. S. 1; *Scott Paper Co.* v. *Marcalus Mfg. Co.,* 326 U. S. 249; *Mercoid Corp.* v. *Mid-Continent Investment Co.,* 320 U. S. 661.

2. Respondents reside within the Sixth Circuit, and within the District and Division where the instant case was tried; and no further declaratory judgment action may be brought by another licensee to obtain a court decision which may be in conflict with that herein made. This Court has granted certiorari under similar circumstances where litigation in other Circuits was improbable. *Schriber-Schroth Co.* v. *Cleveland Trust Co.,* 305 U. S. 47; *Muncie Gear Works* v. *Outboard Marine & Mfg. Co.,* 315 U. S. 759.

3. The Court of Appeals in this case, by holding the Basket Patent and respondents' use of that patent is not an undue extension of patent monopoly, has decided an important question of patent law and public policy in a way which conflicts with many decisions of this Court holding that a patent monopoly on an invention is valid for 17 years, and that thereafter everyone is entitled to the unrestricted right of use of such invention. *Saranac Automatic Mach. Corp.* v. *The Wirebounds Patents Co.,* 282 U. S. 704; *Miller* v. *Eagle Mfg. Co.,* 151 U. S. 186.

In view of the importance to the public of preventing undue extension of the patent monopoly, this Court has granted certiorari in many recent cases to correct misapplication of important points of patent law despite the lack of conflict of decisions as to the particular patent involved. *Schriber-Schroth Co.* v. *Cleveland Trust Co.,* 311 U. S. 211; *Morton Salt Co.* v. *G. S. Suppiger Co.,* 314 U. S. 488; *Sola Electric Co.* v. *Jefferson Electric Co.,* 317 U. S. 173.

Prayer.

WHEREFORE your petitioners respectfully pray that a writ of certiorari be issued to the United States Court of Appeals for the Sixth Circuit with respect to Appeal No. 11241 to the end that this cause may be reviewed and deter-

mined by this Court and that petitioners be granted such relief as may be just.

Respectfully submitted,

HERBERT H. PORTER,
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Counsel for Petitioners.

HAROLD W. BRYANT,
Of Counsel.

BRIEF IN SUPPORT OF PETITION.

Opinions of the Courts Below.

The opinion of the District Court of the United States for the Western District of Michigan, Southern Division, was filed February 17, 1950 (R. 198) and is reported at 89 F. Supp. 116.

The opinion of the United States Court of Appeals for the Sixth Circuit was filed March 29, 1951 (R. 288) and is reported at 187 F. (2d) 1008.

Jurisdiction.

The jurisdictional statement appears in the accompanying petition.

Statement of the Case.

The essential facts are stated in the accompanying petition.

Specification of Errors.

The errors which petitioner will urge if the writ of certiorari is issued are that the United States Court of Appeals for the Sixth Circuit erred:

1. In failing to hold that patent No. 1,895,586 is invalid as an undue extension of patent monopoly over the earlier issued patent No. 1,752,856.

2. In failing to hold that a licensee under an expired patent covering apparatus and methods, and who has paid royalty for the full 17 year life of the patent, is thereafter entitled without the payment of additional royalty to continue the use of the apparatus and methods for their intended purposes.

3. In failing to order the return of royalties inadvertently paid for a period after the expiration of the apparatus and method patent.

ARGUMENT.

The Large Public Interest Involved.

Respondents here have for many years been conducting a patent licensing operation pertaining to the manufacture and sale of so-called straight side continuous stave bushel baskets. They claim approximately 50 licensees in some 18 different states of the United States. Petitioners are among the largest of the licensed manufacturers. The expense of this litigation has been such that certain licensees provided financial assistance to petitioners in order to test the patent monopoly which they believed expired with the expiration of the Schmidtke Apparatus and Method patent No. 1,752,856 on April 1, 1947.

Any declaratory judgment action by another licensee would be in the Sixth Circuit, where the instant case has been tried; and the District Court would be bound by the decision from which this petition is being taken. Thus, the practical effect of the decision of the Appellate Court has been to decide the rights of some 50 licensees.

The misuse of the patent laws and unlawful extension of patent monopoly in this case is so flagrant and affects such a large number of licensees, and therewith the public generally, that this Court should review the decision below as it has done in other cases of unusual public importance. *Marconi Wireless Tel. Co.* v. *United States*, 320 U. S. 1; *Mercoid Corp.* v. *Mid-Continent Investment Co.*, 320 U. S. 661; *Scott Paper Co.* v. *Marcalus Mfg. Co.*, 326 U. S. 249.

Undue Extension of Patent Monopoly.

The two patents involved are the Schmidtke patents 1,752,856 and 1,895,586. Both patents are based upon one application which was filed on March 25, 1926. In the prosecution of that original application, one patent examiner held that there was divisional subject matter in the application and the inventor, without taking an appeal from such decision, as he had a right to do, divided his applica-

tion and on February 20, 1928, filed the specific application which issued as patent No. 1,895,586 on January 31, 1933.

We have the situation then that the inventor in 1926 by filing only one application took and stated the position that he had only one invention on which he would be entitled to only one 17 year period of monopoly. Thereafter, instead of making certain that both patents issued on the same date so that he would still have only the one 17 year period of patent monopoly, he secured the issuance of patent No. 1,752,856 on April 1, 1930, on the apparatus and method for making the basket, and the issuance on January 31, 1933, of patent No. 1,895,586, on the basket per se. Since the expiration of the apparatus and method patent, the basket patent has been used by respondents in an attempt to extend the effective patent monopoly.

The Court of Appeals apparently felt that because one patent examiner required the filing of the divisional application, such action gave legality to the basket patent even though that patent was not issued on the same day as the apparatus and method patent. The Court stated (R. 294):

> "* * * In the present case, the Patent Office required divisional applications for the machine and basket patents."

On that direct question, the Court of Appeals for the Fourth Circuit had previously held in *Remington Rand Business Service Inc.* v. *Acme Card System Co.*, 71 F. (2d) 628, that a patentee is not obliged to accept the ruling of the Patent Office on division, and may not lengthen the term of his monopoly by any resulting improper division of his original application.

At the start of the trial of this case, counsel for the respondents stated in part (R. 125):

> "So the invention had to consist in some means of holding that basket, causing that basket to rotate for the stitching of the bottom hoop thereon, which was something that has never been done before. Now the question, does the hen come before the egg? Was the

basket invented before the machine, or was the machine the result of the basket."

Respondents' counsel at that time not only argued that this was a unitary development, but that the important thing was the means or method that could be used to make the basket. The Court of Appeals below held however (R. 294):

> "* * * that the basket patent represents a distinct and separable invention from that of the prior machine patent and accordingly does not violate the rule against double patenting."

In so holding, the Court of Appeals relied upon several cases, including the case of *Wirebounds Patent Co.* v. *Saranac Automatic Machine Corp.*, 37 F. (2d) 830, C.C.A. 6, but the Court *did not refer to the decision of this Court in that same case, Saranac Automatic Machine Corp.* v. *Wirebounds Patent Co.*, 282 U. S. 704, wherein this Court stated in considering claim 25 of the machine patent there involved as follows:

> "The new method had a large and immediate commercial success, and we assume . . . that it involved invention."
>
> "This conception is that of the reissue (product) patent . . . As it has now expired, the public is free to use the new procedure of making wirebound folding box blanks, so far as taught by that patent . . ."
>
> "The drawings of the (expired product) patent, which show a completed blank ready for folding, read with the specifications, indicate unmistakably that the advance, achieved by the improvement over the existing method of manufacturing box blanks, was in the process, by which the product of the patent could be made . . ."
>
> "Thus this (expired product) patent completely discloses the invention . . . It taught all that was disclosed by their method patent, for the method claimed is but the process of the now expired reissue patent resulting in the product of the patent . . ."

"The question, therefore, is not one of reliance upon the prior art of the reissue patent as against a copending patent, or of double patenting, or of the overlapping of specific and generic patents. It is the attempted extension of the monopoly of the expired reissue patent in Inwood and Lavenberg's invention by resort to the machine patent, and to the work holder from which the described invention had been subtracted by division, and which cover not the invention of the reissue patent but a mechanical device which does not involve invention." (Parenthetic statements added.)

In that case the patents had issued in the reverse order to the present one, that is, the product patent had issued and expired first and this Court held that the expired product patent completely disclosed the invention, that it taught all that was disclosed by the later method patent.

A new suit was thereafter brought, in which the method patent was held invalid: and on appeal to the Sixth Circuit Court, such decision was affirmed (1933: *Wirebounds Patent Co.* v. *Saranac Automatic Machine Corp.*, 65 F. (2d) 904), with the statements:

(Page 905) "The Supreme Court did not in terms hold that the method patent was invalid. It did state that the reissue patent taught all that was disclosed by the method patent . . . and that by resort to these later patents the appellant had attempted to extend the monopoly of the expired reissue . . ."

(Page 906) "(3) There is a further principle, perhaps announced by the Supreme Court for the first time in its decision of this case in 282 U. S. 704, 51 S. Ct. 232, 75 L. Ed. 634, or at least clearly deducible from that opinion, which in our opinion must control the present case, and that is that although an inventive concept may be susceptible to embodiment in more than one type of invention (machine, product, or method), when the inventor accepts a patent for one embodiment of this concept which in effect gives him a monopoly of the others, he thereby loses his right to a subsequent patent upon any other embodiments, because to grant him such right would be to extend the monopoly given by law. Probably in such case the inventive concept must be basically unitary, and the pat-

ent which is granted must disclose and teach all that is found in the subsequent patents. Possibly, also, the practice of the earlier issued patent must involve the use of the machine, device, or method of the later patents; or the machine, device, or method of the later patents must evidence no more than the use of mechanical ability in the more efficient practice of the earlier patent. But even when measured by these severe standards the later patents in the present case cannot stand. As we have already said, and as stated by the Supreme Court, the reissue patent taught all that was disclosed by the method patent in suit. The reissue could not be advantageously utilized in conformity with its teachings without also practicing the method; and the method was but the more or less obvious mechanical means for producing the ultimate product involved in the reissue. Compare Mosler Safe & Lock Co. v. Mosler, Bahmann & Co., 127 U. S. 354, 361, 8 S. Ct. 1148, 32 L. Ed. 182.

"(4) Finally, it may be said that the statute requires the patentee to make known to the public the limits of the monopoly which he claims (Rev. St. Sec. 4888, 35 U.S.C.A. Sec. 33), and where the invention is unitary in its nature the right to a patent is exhausted except as claimed in the first patent to issue. Thereafter deficiencies in the scope of the claims must be supplied by reissue. Such reissue patent would expire as of the date of expiration of the original patent upon which it is founded, and we do not think that an inventor should be permitted indirectly to obtain more in the way of an extended term of monopoly, as by keeping alive for years some fragment of his application and by division, than he could directly obtain by reissue. Compare General Motors Corp. v. Rubsam Corp., 65 F. (2d) 217 (6 C.C.A.), decided May 19, 1933."

Although the decision of this Court in the *Wirebounds* case at 282 U. S. 704 and the decision of the Court of Appeals in the later *Wirebounds* case at 65 F. (2d) 904 was brought to the attention of the Court of Appeals below in petitioners' brief, nevertheless the Court not only refused to apply the principle of those decisions in the instant case

but ignored the decisions entirely and made no reference with respect to them.

In the instant case, the Schmidtke patent No. 1,752,856, as previously pointed out, teaches everything that is disclosed in the later patent No. 1,895,586. It shows the exact basket of the later patent. It discloses the necessary machinery for making that basket and it, of course, discloses and claims the exact method of making that basket. One cannot advantageously utilize the apparatus and method of patent No. 1,752,856 without producing the product which is attempted to be claimed in patent No. 1,895,586. That product is the obvious result of the use of machinery and process.

The doctrine as applied to the later issued product patent is not new. In *McKay et al.* v. *Jackmon,* 20 Blatch. 466, Judge Wheeler, in 1882, held that after knowledge of a machine to make a shoe in a particular manner, there was no room for an invention of the manner of making a shoe, or of a shoe made in that manner, and there would be no more room for the inventor of the machine than for anyone else. The complainant had an expired patent for the machine, and later patents for the product of such machines and the process of making such products: but it was held that, after the machine had been made, the process and product did not present patentable subject matter.

The public gave a monopoly to the respondents for the full 17 year life of patent No. 1,752,856 with the express and implied understanding on the part of the inventor and respondents that at the expiration of that monopoly the public would be permitted to engage in the useful free and unrestricted use of the patented apparatus and method, that is, its use for its intended and only purpose—the manufacture of a particular type of basket. Under the decision of the Court below, the public and these petitioners do not have the right of free and unrestricted use because of the upholding by the Court of an undue extension of patent monopoly. The Court below has misapplied the decisions

of this Court and it has made a decision which if permitted to stand will act as a precedent to encourage future undue extensions of patent monopoly.

Conclusion.

This case involves a question of far-reaching public importance, that is, the effective extension of a patent monopoly beyond the statutory period of 17 years. The decision of the Court below is incorrect, it is contrary to law and the public interest and, therefore, it is earnestly urged that the petition be granted.

Respectfully submitted,

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16

AUG 3 1951

CHARLES ELMORE CROPLE
CLER

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OCTOBER TERM, 1951.

No. 153

HOPE BASKET COMPANY, A CORPORATION, WALTER VERHALEN, R. A. DENNISON, AND WALTER VERHALEN, II, DOING BUSINESS AS WALTER VERHALEN COMPANY, A PARTNERSHIP,

Petitioners,

vs.

PRODUCT ADVANCEMENT CORPORATION AND ST. JOE MACHINES, INC.,

Respondents.

BRIEF FOR RESPONDENTS IN OPPOSITION TO PETITION FOR WRIT OF CERTIORARI.

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IN THE

Supreme Court of the United States

OCTOBER TERM, 1951.

No. 153.

HOPE BASKET COMPANY, A CORPORATION, WALTER VERHALEN, R. A. DENNISON, AND WALTER VERHALEN, II, DOING BUSINESS AS WALTER VERHALEN COMPANY, A PARTNERSHIP,

Petitioners,

vs.

PRODUCT ADVANCEMENT CORPORATION AND ST. JOE MACHINES, INC.,

Respondents.

BRIEF FOR RESPONDENTS IN OPPOSITION TO PETITION FOR WRIT OF CERTIORARI.

To the Honorable, the Chief Justice of the United States and the Associate Justices of the Supreme Court of the United States:

The Petition for a Writ of Certiorari should be denied because:

(a) The case involves merely a determination of rights under patent licenses and patents which have now expired;
(b) The factual situation embraced herein is unique to this case only and will affect few others than the litigants;
(c) The case does not involve any of the important and

special reasons for granting a Writ of Certiorari as provided by the Rules of the Supreme Court of the United States (Rule 38, par. 5); (d) The case involves concurrent findings of fact by two courts below and should not be reviewed, as held in *Graver Tank & Mfg. Co., Inc.* v. *Linde Air Products Co.*, 336 U. S. 271; 69 S. Ct. 535.

OPINIONS BELOW.

The opinion of the District Court (R. 198) is reported at 89 F. Supp. 116. The opinion of the United States Court of Appeals for the Sixth Circuit (R. 288) is reported at 187 F. 2d 1008.

JURISDICTION.

The jurisdictional requisites based on the Judicial Code are adequately set forth in the Petition, but Respondents deny that Rule 38(5)(b) of this Court contains any matter applicable to this case on which jurisdiction can be based.

QUESTIONS PRESENTED.

The questions which Petitioners have presented (Pet. p. 8) are couched in language too broad and misleading to be answered categorically. Respondents, therefore, present herewith what they deem to be a more correct and complete statement of these questions as follows:

1. Whether licensees, under a Machine and Method Patent for making baskets, must pay royalties after the expiration of that patent for the right to continue to make baskets covered by another and unexpired patent of the licensor, where the two patents embrace two distinct inventive concepts, and where the licensees have agreed in writing that they will pay those royalties.

2. Whether a later issued patent on a basket is invalid for extension of the monopoly created by an earlier issued patent on a machine and method for making baskets, where the machine is capable of making other than the patented basket and the patented basket can be made on other machines.

STATEMENT.

In order to supply omissions and to correct any inaccuracies in the statement of the case as set out by the Petitioners, the Respondents herein present their own Statement.

The five license agreements or Attachment Licenses executed April 1, 1930, referred to on page 2 of the Petition, each contains a provision whereby Petitioners admit the validity for the full terms expressed in the grants thereof of all the patents covered by the license. Petitioners further agreed to the understanding that the license covered all patents issued to the licensor after April 1, 1930 "on the subject matter of these patents" (R. 251). Respondents successfully urged in both courts below that, because of this provision in each license agreement, the Schmidtke Basket Patent No. 1,895,586 (R. 252A) was included in the license (R. 223, 291), and Petitioners were, therefore, not free to contest the validity of that Basket Patent (R. 224, 292).

In addition to these five standard licenses, Petitioners agreed with Respondents, by means of a Supplemental Agreement (R. 272) executed in 1940 (R. 37), that the patents licensed in the license agreements cover all baskets of a description clearly defining the basket of the Basket Patent No. 1,895,586 and agreed to pay royalties on baskets of that description *regardless of the method of manufacture used.*

Of the fifty licensees of Respondents (R. 277-278), only eight ceased paying the royalties due in the fall of 1947 and one ceased paying in the fall of 1948 (R. 281). The

remaining forty-one licensees continued their royalty payments until January 31, 1950, the expiration date of the Basket Patent.

In order to solve the problem of sleaziness and the bulging condition of the bottom of the common round bottom, two hoop basket, Schmidtke, after considerable experimenting, discovered first that a great improvement resulted when he continued the side wall of the basket in a straight line from the top to the bottom and then applied a third outside hoop at the juncture of the side wall and the bottom (R. 60). Thereafter, Schmidtke discovered that "if the bottom could be placed under a certain definite tension, the basket would sustain considerably more weight when piled one on the other" (R. 60). The next step in completing the invention of the basket was the discovery "that by arching the entire bottom upward toward the open end or top of the basket and applying the outside band around the bottom of the basket to hold this arching effect in the bottom, placed the desired tension, or strain, at this point, causing the basket to be very rigid" (R. 60).

After first designing this new type of basket Schmidtke then set about to design the machine or equipment necessary to make such a basket (R. 60).

The original Schmidtke application filed March 25, 1926 contained claims on the machine and method for making baskets as well as claims on the basket itself. The Patent Office then required division as between the machine and method claims on the one hand, and the claims to the basket on the other, on the basis that these two groups of claims represented two distinct and independent inventions. On January 3, 1928, Schmidtke cancelled the claims to the basket and almost immediately thereafter, on February 20, 1928, he filed the divisional application on the basket which was then co-pending with the parent

application. The Machine and Method Patent No. 1,752,856 thereafter issued on April 1, 1930 and the Basket Patent No. 1,895,586 issued on January 31, 1933.

Petitioners paid royalties for the use of the patented machine and attachments from April 1, 1930 to April 1, 1947 at which time the Machine and Method Patent expired. When the Basket Patent issued on January 31, 1933, the licensees were given the additional benefit of this patent without any increase in royalties (R. 274). At the time the Machine and Method Patent expired in 1947 Petitioners had paid royalties for the privilege of making the patented basket for only fourteen years. Respondents' position that Petitioners should pay royalties for the continued manufacture of baskets covered by the Basket Patent, in accordance with the main license agreement and with the Supplemental Agreement of 1940, regardless of the machines or methods used to make such baskets, has been upheld by both courts below (R. 224, 297).

Both courts below upheld Respondents' contention that the machine of the expired Machine and Method Patent No. 1,752,856 can be used to make a basket not within the scope of the Basket Patent (R. 217, 294). For example, if the machine is used without feeding a third hoop, the result would be a two-hoop basket not covered by the Basket Patent. If all three hoops are fed into the machine but the bottom hoop does not have the function of maintaining the basket bottom in its arched condition, such a basket does not infringe the Basket Patent. If the bottom hoop is located a distance upwardly from the basket bottom such that it will not retain the bottom arched, then a non-infringing basket also results.

In accordance with the agreements, however, and as the courts below found, Petitioners must pay royalties for making baskets within the scope of the Basket Patent whether those baskets are made by hand, or by machines

of the Dudley Patent No. 1,751,728 (R. 252B), the Craig Patent No. 1,757,294 (R. 252C), or the expired Schmidtke Patent No. 1,752,856 (R. 244).

In requiring division as between the method and apparatus claims and those claims directed to the basket *per se*, the Patent Office held that there were two separate and distinct inventions rather than a unitary concept. The District Court below recognized the distinct and separate inventiveness as between the first conceived basket and later conceived machine (R. 217).

The Court of Appeals agreed with this view of the District Court in recognizing that the machine of the Schmidtke Machine and Method Patent can make baskets which are different from those specified in the Basket Patent and that the patented baskets can be made by machines other than that disclosed in the Machine and Method Patent (R. 294).

Both courts below recognized the principle underlying the doctrine of undue extension of the patent monopoly as originally stated by this Court in *Miller* v. *Eagle Mfg. Co.*, 151 U. S. 186, and as later applied in *Wirebounds Patents Co.* v. *Saranac Automatic Machine Corp.*, 37 F. 2d 830 (R. 217, 293). Both courts rejected the doctrine as not applicable here due to the distinct and completely different inventive concepts involved as between the Machine Patent and the Basket Patent.

In any event, the Basket Patent has been involved in much litigation and has *always been held valid.* See *Straight Side Basket Corporation and St. Joe Machines, Inc.* v. *Kull, et al. d/b/a Two States Fruit Package Company*, 24 F. Supp. 771; *Straight Side Basket Corporation and St. Joe Machines, Inc.* v. *The Marshall Manufacturing Company*, (unreported but appearing R. 225); *Straight Side Basket Corporation and St. Joseph Iron Works* v. *Zapf Fruit Package Company*, 26 F. Supp. 90, affirmed 99 F. 2d 1015 (6 Cir.).

ARGUMENT.

REASONS FOR DENYING THE WRIT.

No Public Interest Involved.

There is no such public interest involved in this case as to warrant consideration by this Court. Petitioners have urged (Pet. Br. pp. 8, 12) as one of the reasons for granting the Writ that Respondents have claimed some fifty licensees in eighteen states of the United States and that this, therefore, represents a large public interest. Actually, there were only nine of those fifty licensees who refused to continue to pay royalties until the expiration of the Basket Patent (R. 281). It cannot seriously be urged that the interests of nine licensees are those of a large proportion of the public. This is particularly true under the circumstances of this case where (a) all of these licensees admittedly have entered into substantially the same license agreements; (b) both courts below have concurred in determining that the licensees are bound to pay royalties to the expiration date of the Basket Patent in return for the right to make baskets covered by that patent; and (c) both courts below, as well as the courts in three other cases, have all concurred in upholding the validity of the Basket Patent. It is, therefore, the present litigants and eight other licensees, rather than the public generally, who have an interest in the outcome of this case.

Petitioners have injected into their argument (Br. p. 12) a brief mention relative to misuse of the Patent Laws. They cannot be serious in urging this, however, since there is no evidence of any such misuse in the record and nothing to support or justify such a statement. In fact, other than charging extension of the patent monopoly, Petitioners have not expanded on any theory of misuse in their brief.

The Improbability of Litigation in Other Circuits Does Not Exist.

Petitioners urge as a further reason for granting the Writ (Pet. Br. pp. 9, 12) that litigation in other circuits is improbable and rely upon *Schriber-Schroth Co.* v. *Cleveland Trust Co.*, 305 U. S. 47, and *Muncie Gear Works* v. *Outboard Marine & Mfg. Co.*, 315 U. S. 759.

The basis for their contention is that any *declaratory judgment action* which might be brought by any of the other licensees against these Respondents must be brought in the Sixth Circuit where Respondents reside. There are only eight licensees other than Petitioners who might possibly consider such action and they have all contributed to the present litigation financially. It is unlikely that any one of those licensees would bring another declaratory judgment action on behalf of itself. On the contrary, however, the eight remaining licensees who have refused to pay royalties reside in three different states, namely, Kentucky, Arkansas and Texas (R. 281). Arkansas is in the Eighth Circuit and Texas is in the Fifth Circuit. There is a greater probability that the Respondents here may find it necessary to bring suit against those other eight licensees in order to collect royalties due in which event the questions presented here would then arise in the Fifth and Eighth Circuits. There is a far greater probability of this than of any one of the other licensees bringing a declaratory judgment action in the Sixth Circuit.

Furthermore, in the later *Muncie Gear* case, 315 U. S. 759, relied upon by Petitioners, this Court granted certiorari not *solely* because litigation in other circuits was unlikely, but also "in view of the questions presented."

There is, therefore, no such improbability of litigation in other circuits as to warrant consideration of this case by this Court, and in any event that reason, standing alone, is insufficient to warrant the granting of the Petition.

No Conflict With Decisions of This Court.

Petitioners urge that the decision of the Court of Appeals for the Sixth Circuit in this case on the question of extension of the patent monopoly is not in accord with the decisions of this Court in *Saranac Automatic Machine Corporation* v. *Wirebounds Patents Company, et al.*, 282 U. S. 704, and *Miller* v. *Eagle Mfg. Co.*, 151 U. S. 186. The basis for the decisions in those earlier Supreme Court cases was that there was but a single and unitary concept which could be covered by only one patent. In the present instance, Respondents have argued, the evidence shows, and both courts below held, that there were two distinct concepts: The one relating to the basket, which came first, and the one relating to the machine and method, which came later.

The facts in the two foregoing Supreme Court cases are so totally different from the facts here that the cases are clearly distinguishable and, therefore, can be neither in conflict nor in accord.

There is no justification for Petitioners' statement (Br. p. 13) that the inventor "took and stated the position that he had only one invention" by filing only one application containing claims directed to the machine, method and product. It is, of course, a universal practice to include claims directed to more than one invention in an original application even though the applicant may expect a later requirement for division. In addition to this, however, there is no objection to the inclusion, in a single application, of claims directed to more than one invention in certain instances. This is well settled law as originally stated by this Court in *Steinmetz* v. *Allen*, 192 U. S. 543.

In any event each claim of a patent represents a complete and independent invention. This is also a universally

accepted rule of law as stated by this Court in *Leeds & Catlin Company* v. *Victor Talking Machine Co.*, 213 U. S. 301. This rule has been followed in such later cases as *XXth Century Heating and Ventilating Co.* v. *Taplin, Rice-Clerkin Co.*, 181 Fed. 96 (6 Cir.); *Railroad Supply Co.* v. *Hart Steel Co.*, 222 Fed. 261 (7 Cir.); *Veneer Machinery Co.* v. *Grand Rapids Chair Co.*, 227 Fed. 419 (6 Cir.); *General Motors Corporation* v. *Swan Carburetor Co.*, 88 F. 2d 876 (6 Cir.). It is, therefore, more than clear that filing claims directed to a machine, method and product in a single application *does not in any way indicate that the inventor believes himself to have made but one invention or a unitary concept.*

The Patent Office recognized that the claims directed to the basket were so completely independent from the invention as represented by the claims on the machine and method that they should not remain in the same application and, therefore, required the inventor to divide out of the original application the claims directed to one or the other invention. Even though the applicant, Schmidtke, may not have been *obliged* to accept the ruling of the Patent Office in this requirement for division, as stated in *Remington Rand Business Service, Inc.* v. *Acme Card System Co.*, 71 F. 2d 628, (Br. p. 13), it is equally true that the applicant was not *obliged* to take the additional time and incur the additional expense of appealing this requirement. The more logical rule was stated in the later case of *National Tube Co.* v. *Steel & Tubes, Inc.*, 90 F. 2d 52 (3 Cir.), where the court held that an applicant could not justly be blamed for acquiescing in a command by lawful authority and that the general rules regarding division must be left to the discretion of the Patent Office.

Petitioners have also sought to misinterpret the opening statement of Respondents' counsel in the trial court as urging that the machine and basket was a unitary develop-

ment (Br. p. 14). Respondents' counsel merely posed the question:

> "Was the basket invented before the machine, or was the machine the result of the basket?"

The subsequent testimony of the inventor, Schmidtke, answered this question and brought out clearly beyond any reasonable doubt that *he first designed the basket and thereafter, as an independent concept, designed a machine which would produce that basket* (R. 60). This was the evidence upon which the courts below based their holdings that this was not an instance of a unitary concept, but rather was a clear indication of separate and distinct inventions. Indeed, the question would never have arisen if a person other than the inventor of the basket had designed the machine for making the basket.

Having thus established that the patent on the basket represents a distinct and separate invention from the patent on the machine and method for making that basket, this case immediately falls outside the scope of the decision of this Court in *Saranac Automatic Machine Corporation* v. *Wirebounds Patents Company, et al.*, 282 U. S. 704, and *Miller* v. *Eagle Mfg. Co.*, 151 U. S. 186. The dicta in that *Wirebounds* case was interpreted by the Court of Appeals for the Sixth Circuit in the later case of *Wirebounds Patents Co., et al.* v. *Saranac Automatic Machine Corporation*, 65 F. 2d 904.

This Court has never overruled the universally accepted doctrine that *the only instances of undue extension of the patent monopoly occur where there is double patenting or where a single inventive concept is claimed in two different patents.* The Court of Appeals for the Sixth Circuit gave a complete dissertation on this point in *Wirebounds Patents Co., et al.* v. *Saranac Automatic Machine Corporation*, 37 F. 2d 830. It was there held that if the claims of a

later issued patent were co-extensive with and covered the same invention as the claims of an earlier issued patent, then there was double patenting and an attempted extension of the monopoly granted by the earlier patent which would render the later patent invalid. This ruling was not upset by this Court in *Saranac Automatic Machine Corporation* v. *Wirebounds Patents Company, et al.*, 282 U. S. 704, where this Court said that it was not a question of double patenting or of the overlapping of specific and generic patents, but rather involved a question of invention. Since this Court construed the patent on the apparatus for making boxes as one which did not involve invention, the ruling of the court below was reversed without considering the question of double patenting.

In its general discussion of the facts of that *Wirebounds* case this Court observed that the original patent on the product disclosed the method of making it and that claims to the method were not presented to the Patent Office until after a delay of about seven years.

The Court of Appeals for the Sixth Circuit in the later case of *Wirebounds Patents Co., et al.* v. *Saranac Automatic Machine Corporation,* 65 F. 2d 904, construed that dicta of this Court to mean that the product of the original patent and the method of the later patent which was disclosed in the first patent represented but a single unitary concept and, therefore, only one invention. Since an inventor is entitled to only one patent for one invention, he could not cover the same invention by claims in a later patent directed to a different embodiment thereof.

This is not new law since it was recognized by this Court in the earlier case of *Miller* v. *Eagle Mfg. Co.*, 151 U. S. 186. In this latter case there was also but one invention which the inventor had attempted to cover by two patents. The present case is not in conflict with the *Wirebounds* cases and the *Miller* v. *Eagle* case since here the patent on

the machine represents one invention and the patent on the basket covers a separate and completely different invention, rather than a different embodiment of the same invention.

The Decisions Below Are Clearly Correct.

The decisions of both courts below on the question of extension of the patent monopoly were based on the recognition that the Schmidtke Basket Patent No. 1,895,586 covered an invention entirely separate and distinct from the invention covered by the Schmidtke Machine and Method Patent No. 1,752,856. There can be no extension of the patent monopoly where there is no double patenting and where the two patents in question represent completely different inventive concepts. This is in accord with other decisions in other circuits relating to the same question and the rule has never been upset or overruled by this Court.

The Court of Appeals for the Sixth Circuit in *Wirebounds Patents Co., et al.* v. *Saranac Automatic Machine Corporation,* 37 F. 2d 830, held this to be the universally accepted doctrine and the doctrine was not overruled by this Court in *Saranac Automatic Machine Corporation* v. *Wirebounds Patents Company, et al.,* 282 U. S. 704.

The ruling on this point by the two courts below is in accord with the earlier case (1897) of *Thomson-Houston Electric Co.* v. *Ohio Brass Co., et al.,* 80 Fed. 712 (6 Cir.).

The law expounded in that *Thomson-Houston* case was cited with approval in *Traitel Marble Co.* v. *U. T. Hungerford Brass & Copper Co.* decided by the Court of Appeals for the Second Circuit, 22 F. 2d 259.

To the same effect was the holding by the Court of Appeals for the Fourth Circuit in *Montgomery Ward & Co., Inc.* v. *Gibbs,* 27 F. 2d 466.

The doctrine dealing with the so-called extension of the

patent monopoly is by now well settled as is evidenced by the various decisions cited above in the different courts of appeals. The two courts below in the present case merely followed these well recognized principles that where a later patent covers an invention completely different from the invention of an earlier patent, there is no extension of the monopoly granted by the earlier patent. The doctrine in these various cases is no different from that set out in ***Miller*** v. ***Eagle Mfg. Co.,*** 151 U. S. 186, and in *Wirebounds Patents Co., et al.* v. *Saranac Automatic Machine Corporation,* 65 F. 2d 904. The holding in those cases that the later issued patent was invalid was based on the finding that there was but a single inventive concept which the inventor was attempting to cover by having different patents issue on different embodiments of that same concept. The decision of the Court of Appeals in the present case, affirming the decision of the trial court on this point, is therefore clearly correct.

That the two courts below were correct in holding the Basket Patent valid is further evidenced by the fact that such holding is in accord with all other decisions involving that patent in other courts, such as ***Straight Side Basket Corporation and St. Joe Machines, Inc.*** v. ***Kull, et al. d/b/a Two States Fruit Package Company,*** 24 F. Supp. 771; ***Straight Side Basket Corporation and St. Joe Machines, Inc.*** v. ***The Marshall Manufacturing Company,*** (unreported but appearing R. 225); *Straight Side Basket Corporation and St. Joseph Iron Works* v. *Zapf Fruit Package Company,* 26 F. Supp. 90, affirmed 99 F. 2d 1015 (6 Cir.).

NO EXTENSION OF PATENT MONOPOLY.

The Schmidtke Basket Patent No. 1,895,586 is not an extension of the Schmidtke Machine and Method Patent No. 1,752,856 because the two patents cover two separate and distinct inventions and there is no double patenting.

Since the patent on the basket covers a different invention from the patent on the machine and method, then the concurring decisions of the courts below are not in conflict with any other decisions of this Court, and those decisions are correct.

For double patenting to be present the claims of the two patents in question must be co-extensive and cover substantially the same invention. The claims in the Basket Patent cover a particular type of basket. The claims of the Machine and Method Patent cover a machine and method for making a basket. The claims in the Basket Patent do not cover a machine and the claims in the Machine Patent do not cover a basket. Therefore, the claims in the two patents are not co-extensive and there is no double patenting.

The argument of Petitioners that the basket covered by the Basket Patent is the inevitable product resulting from the machine of the Machine and Method Patent and that the basket cannot be made except by using the machine covered by the Machine and Method Patent is fallacious in several respects and is contrary to the holdings of the courts below (R. 294).

The patent statutes require an applicant for a patent to disclose clearly the preferred form of his invention. This preferred form, however, need not be the only form. The machine disclosed in the Schmidtke Patent No. 1,752,856 was designed for making a particular type of basket, but that does not mean that other baskets cannot

be made on that same machine. For example, if the machine of that patent were to be operated without inserting a bottom hoop, a basket would be produced which is different from the basket covered by the Basket Patent. On the other hand, if the bottom hoop were to be applied at a height from the bottom of the basket where it would not have the function of maintaining the arch in the basket bottom, a still different type of basket would be produced which would not be covered by the claims of the Basket Patent. It is likewise true that if the apparatus of the Machine and Method Patent were to be used so that there was very little or no bulge in the basket bottom, or if the bottom hoop were to be applied so loosely that it would not retain the inward bulge, then a basket would be produced which would not be covered by the Basket Patent. It is thus quite evident that a basket other than that covered by the Basket Patent can be made by the apparatus disclosed in the Machine and Method Patent.

The basket of the Basket Patent can also be made either by hand or by apparatus other than that disclosed in the Machine and Method Patent. It is unnecessary to consider whether or not making the patented basket by hand would be commercially feasible. The first basket of this type made by Schmidtke was made by hand. Other machines for making this same basket are disclosed in the Dudley Patent No. 1,751,728 (R. 252B) and the Craig Patent No. 1,757,294 (R. 252C). Since the apparatus of the Machine and Method Patent can be used to make baskets which are different from that covered by the Basket Patent, and since the patented basket can be made by apparatus other than that covered by the Machine and Method Patent, there can be no extension of the patent monopoly.

Schmidtke's own testimony (R. 60) explained in great

detail how the basket itself was first invented. This testimony shows conclusively that the basket is an invention separate and distinct from the invention represented by the apparatus for making that basket. The rule is well settled that under these circumstances a later issued patent does not extend the monopoly of an earlier issued patent. *Thomson-Houston Electric Co.* v. *Ohio Brass Co.*, 80 Fed. 712 (6 Cir.); *Traitel Marble Co.* v. *U. T. Hungerford Brass & Copper Co.*, 22 F. 2d 259 (2 Cir.); *Montgomery Ward & Co., Inc.* v. *Gibbs*, 27 F. 2d 466 (4 Cir.); *Wirebounds Patents Co., et al.* v. *Saranac Automatic Machine Corporation*, 37 F. 2d 830.

ESTOPPEL TO CONTEST VALIDITY.

Petitioners here have presented questions relating only to the validity of the Basket Patent, alleging that it is an undue extension of the monopoly of the Machine and Method Patent. The two courts below concurred in holding that the Petitioners were estopped to deny the validity of the Basket Patent because of the agreements contained in the five Attachment Licenses and because this suit was brought while the licenses were still in effect. Since Petitioners have not asked this Court to consider the question of estoppel, it must be assumed that they have no quarrel with the lower courts' decisions on this point. This, then, puts the Petitioners in the position of asking this Court to consider a question which Petitioners themselves have admitted they have no right to raise. For this additional reason, this Court should not grant the Petition.

CONCURRENT FINDINGS OF FACT BY TWO COURTS ORDINARILY NOT REVIEWED.

A review by this Court on a Writ of Certiorari is not a matter of right, but rather is one of sound judicial discretion, as provided for by Rule 38(5) of the Rules of this Court. The present case presents none of the special and important reasons for granting a writ as set out in Rule 38(5)(b).

When such special and important reasons are not present, a denial of the Petition becomes even more compelling when the case involves concurrent findings of fact by two courts below.

The trial court's opinion (R. 198) indicates that careful thought and consideration was given to every finding of fact and point of law raised. The opinion of the Court of Appeals for the Sixth Circuit (R. 288) found all of the trial court's findings were clearly supported by the evidence and careful and independent thought was given in affirming the legal points, particularly the questions presented in the Petition. This Court has recently held in *Graver Tank & Mfg. Co., Inc.* v. *Linde Air Products Co.*, 336 U. S. 271, that concurrent findings by two courts below, such as there are here, will ordinarily not be reviewed by this Court. This Court there stated (p. 275):

> "A court of law, such as this Court is, rather than a court for correction of errors in fact finding, cannot undertake to review concurrent findings of fact by two courts below in the absence of a very obvious and exceptional showing of error."

CONCLUSION.

The questions presented by the Petition have no great public importance and because of the peculiar circumstances surrounding this case, the decision affects few others than the litigants. The concurrent findings of the two courts below are in complete accord with decisions involving similar questions in other United States Courts of Appeals and are not in conflict with any other decisions of this Court. It is, therefore, respectfully urged that the Petition be denied.

Respectfully submitted,

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FILED
AUG 1 1951
CHARLES ELMORE

IN THE

Supreme Court of the United States

OCTOBER TERM—1951

No. 216

DELPHI FROSTED FOODS CORPORATION,

Petitioner and Appellant below,

—v.—

ILLINOIS CENTRAL RAILROAD COMPANY,

Respondent and Appellee below.

PETITION FOR WRIT OF CERTIORARI TO THE UNITED STATES COURT OF APPEALS FOR THE SIXTH CIRCUIT AND BRIEF IN SUPPORT THEREOF

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IN THE

Supreme Court of the United States

OCTOBER TERM—1951

No. .....

DELPHI FROSTED FOODS CORPORATION,

Petitioner and Appellant below,

—v.—

ILLINOIS CENTRAL RAILROAD COMPANY,

Respondent and Appellee below.

PETITION FOR WRIT OF CERTIORARI

TO THE HONORABLE FRED M. VINSON, CHIEF JUSTICE OF THE UNITED STATES AND THE ASSOCIATE JUSTICES OF THE SUPREME COURT OF THE UNITED STATES.

The petition of Delphi Frosted Foods Corporation respectfully shows as follows:

I

Summary Statement of Matter Involved

This action was instituted in the District Court of the United States for the Western District of Kentucky—Paducah Division and after trial a judgment was rendered

on March 3, 1950 in favor of the respondent dismissing the complaint. The petitioner appealed to the United States Court of Appeals, Sixth Circuit where the judgment was unanimously affirmed by judgment of affirmance entered on May 3, 1951. Opinions were written in both courts, copies of which are attached.

The suit was instituted by Delphi Frosted Foods Corporation against the Illinois Central Railroad Company for recovery of a judgment in the sum of $34,924.48 on account of damage to six cars of frozen fruit shipped out of Paducah, Kentucky, during the month of July, 1945. It involves the liability of Illinois Central Railroad Company, the receiving carrier, under the Carmack Amendment to the Interstate Commerce Act, Title 49, Section 20, par. (11) U. S. C. A., which provides in part as follows:

> "(11) Any common carrier, railroad, or transportation company subject to the provisions of this chapter receiving property for transportation from a point in one State or Territory or the District of Columbia to a point in another State, Territory, District of Columbia, or from any point in the United States to a point in an adjacent foreign country shall issue a receipt or bill of lading therefor, and shall be liable to the lawful holder thereof for any loss, damage, or injury to such property caused by it or by any common carrier, railroad, or transportation company to which such property may be delivered or over whose line or lines such property may pass within the United States or within an adjacent foreign country when transported on a through bill of lading, and no contract, receipt, rule, regulation, or other limitation of any character whatsoever shall exempt such common carrier, railroad, or transportation company from the liability hereby

imposed; * * * Provided further, That it shall be unlawful for any such receiving or delivering common carrier to provide by rule, contract, regulation, or otherwise a shorter period for the filing of claims than nine months, and for the institution of suits than two years, such period for institution of suits to be computed from the day when notice in writing is given by the carrier to the claimant that the carrier has disallowed the claim or any part or parts thereof specified in the notice."

The decisions in both lower courts were predicated on two principles of law, which petitioner urges were both erroneously decided.

Of the six cars in question, plaintiff had sold the contents of four of the cars to certain of its customers, while the cars were in transit. When these four cars arrived in a damaged condition, it was plaintiff's customers who filed written notices of claim with the delivering carriers. Subsequently, and by virtue of court decisions in New York State, plaintiff was required to refund all moneys paid to it by its customers on the ground that title had not passed to them. At the trial, the defendant contended that, as to these four cars, the plaintiff had no standing and could not press the claim for damages on the ground that it, the plaintiff, had not filed proofs of claim within the nine months required by the bills of lading.

This, then, created the first of the two principal issues of law that were decided, *i.e.*: has there been a sufficient compliance with the bill of lading requirement of written notice of claim when such written notices have been filed by customers of the consignee named in the bill of lading, or does proper compliance require that the consignee named in the bill of lading file such written notices of claim.

Plaintiff-appellant cited numerous cases holding that the only real purpose of the notice requirement was to afford the carrier an opportunity to investigate the claim, and contended that what had occurred in the instant case was a "substantial compliance" with the requirement of notice, as defined and decided by many cases.

The Trial Court held, and the Court of Appeals affirmed, that there had been no compliance with the requirement of notice, and dismissed the complaint as to these four cars, without touching on the question of the carrier's liability for the damage to these cars.

The second principal issue of law was the decision by both courts below on the question of the carrier's liability as to the other two cars. Both courts held that the measure of the carrier's liability was that of an ordinary bailee. Petitioner did, and does contend that the carrier's liability is that of an insurer, and as such, subjected the carrier to a burden of proof far greater than the proof required of a bailee, in order to be absolved of liability.

II

Reasons Relied on for Allowance of the Writ

1. On the question of the sufficiency of the proofs of claim filed on four cars by customers of the consignee, the decision of the Court of Appeals is in conflict with decisions of this Court and is contrary to the purpose, spirit and intent of the requirement that written notice of claim be given to a carrier within nine months.

2. The decision of the Court of Appeals which holds that the carrier's liability is that of an ordinary bailee is in conflict with decisions of other circuits, and of this court, which hold that a carrier's liability is that of an insurer,

and that in order to be absolved, it must submit proof far greater than that required of an ordinary bailee.

3. The Court of Appeals, in support of its holding that the carrier was liable only as an ordinary bailee, relied on, and cited a decision of this court (Chesapeake & Ohio Ry. Co. v. Thompson Mfg. Co., 270 U. S. 416) which is not in point. The cited case was decided at a time when the Carmack Amendment to the Interstate Commerce Act, 49 U. S. C., Section 20, par. 11 read differently from the way it reads now, and at that time it permitted a claimant to bring suit against a carrier even though no written notice of claim was filed with the carrier; in such instance the plaintiff was required to affirmatively prove the negligent act of the carrier, and he could not have the benefit of the presumptions given to him if he had filed a notice of claim. It was under such facts that this court decided in Chesapeake & Ohio Ry. v. Thompson Mfg. Co., 270 U. S. 416, that when the railroad submitted its proof it was subject only to the rule applicable "to all bailees."

4. Both questions are of universal import, affecting every industry and business in the country, and merit consideration of this court, so that the uncertainties and conflicts created by the decisions in the courts below may be resolved.

III

Your petitioner presents to this court, and files herewith as an exhibit hereto, a duly certified transcript of the entire record in the case, as the same appears in the United States Court of Appeals, Sixth Circuit.

WHEREFORE, your petitioner prays that a writ of certiorari issue under the seal of this court, directed to the United

States Court of Appeals for the Sixth Circuit, commanding said court to certify and send to this court a full and complete transcript of the record and of the proceedings of the said Court of Appeals in the case numbered and entitled on its docket No. 11,193, Delphi Frosted Foods Corporation, Appellant v. Illinois Central Railroad Company, Appellee, to the end that this cause may be reviewed and determined by this court as provided for by the statutes of the United States; and that the judgment herein of said Court of Appeals be reversed by the court, and for such further relief as to this court may seem proper.

Dated: New York, N. Y., July 25, 1945

CHARLES GARFINKEL
Attorney for Petitioner

IN THE

Supreme Court of the United States

OCTOBER TERM—1951

No. .....

DELPHI FROSTED FOODS CORPORATION,

Petitioner and Appellant below,

—v.—

ILLINOIS CENTRAL RAILROAD COMPANY,

Respondent and Appellee below.

BRIEF IN SUPPORT OF PETITION FOR WRIT OF CERTIORARI

I

Opinions of Court Below

The opinion of the District Court was rendered March 3, 1950 (R. 949). The opinion of the Court of Appeals was rendered April 10, 1951 (Annexed to petition). Official citation is not yet available.

II

Grounds of Jurisidiction of the Supreme Court

1. The judgment to be reviewed is dated May 3, 1951.

2. The statutory provision which is believed to sustain the jurisdiction of the Court is 28 U. S. C. A. 347.

3. The cause of action asserted by petitioner is created by a federal statute, 49 U. S. C., Sec. 20, par. 11, and the principal two questions decided by the Court of Appeals are questions interpreting a federal statute, and both questions have been decided in a way that conflicts with decisions of other circuits and of this court, and in support of its decision on one of the questions, the Court of Appeals cited and relied on a decision of this court which is not in point.

4. Cases which petitioner believes sustain said jurisdiction are:

Reynolds v. *Adams Express Co.*, 248 U. S. 548;
Carr v. *Pennsylvania R. R. Co.*, 243 U. S. 587;
Oregon-Washington R. & Navigation Co. v. *McGinn*, 258 U. S. 409.

III

Statement of the Case

This has already been stated in the preceding petition under I, which is hereby adopted and made part of this brief.

IV

Specification of Errors

1. The Court of Appeals and District Court erred in holding that the filing of claims in writing by petitioner's customers within the required nine months was not a sufficient compliance with the terms of the bill of lading requiring claims to be filed in writing.

2. The Court of Appeals and District Court erred in fixing the measure or yardstick of the liability of the defendant, a common carrier, as that of an ordinary bailee.

V

Questions Presented

1. Has a plaintiff, in an action for damage to property against a common carrier, shown sufficient compliance with the terms of a bill of lading requiring claims to be filed in writing within nine months, when he establishes that claims in writing were filed within such time by certain of his customers, and the receipt of such claims in writing were acknowledged by the carrier?

2. In an action against a common carrier for damage to property while in transit, is the determination of the liability of the common carrier fixed by rules applicable to that of an ordinary bailee, or is the common carrier put to the same proof required of an insurer in order to be absolved of liability?

VI

Summary of Argument

1. The only purpose and intendment of the requirement in the bill of lading that claims in writing be filed within ninety days is to afford a carrier an opportunity to investigate the claim within a reasonable time after its occurrence. The bill of lading does not make any specific requirement as to who shall file such claim in writing. The cases deciding this question hold that it does not matter who files the claim in writing. Therefore, the filing of the claims in writing by certain of the plaintiff's customers has accomplished the purpose of the requirement in that the carrier has been notified within a reasonable time and can investigate the claim, and the filing of such notices in writing are a sufficient compliance with the terms of the bill of lading.

2. The determination as to whether a common carrier is liable for damage to property while in transit is fixed, not by the rule applicable to an ordinary bailee, but rather by the rule applicable to an insurer of property, and the only proof which can absolve it of liability is proof that the damage was caused by one or more of the well-known specified causes, *i.e.*: an act of God, the public enemy, the inherent nature of the merchandise, or the fault of the shipper.

VII

ARGUMENT

POINT I

The purpose for the requirement in the bill of lading that notice (of claim) in writing be filed within ninety days is to afford the carrier an opportunity to investigate the claim. In the case of *Georgia, Fla. & Ala. Ry. Co.* v. *Blish Milling Co.*, 241 U. S. 190, this court, by Justice Hughes, said:

> "The purpose of the stipulation (requiring notice in writing) is not to escape liability, but to facilitate prompt investigation."

The same rule is stated in 1 A. L. R., page 900, as follows:

> "The fundamental reason for or purpose of a stipulation requiring notice of a claim for damage to a shipment is not to relieve the carrier from just liability; but reasonably to inform it that the shipment has been damaged, and that it is charged with liability therefor, and to give it an opportunity to examine the nature and extent of the injury."

The following are cases which have held that the requirement of notice has been complied with even though the written notice has been filed by someone other than the plaintiff in the action:

Texas & P. Ry. Co. v. *McMillen,* 183 S. W. 773, in which the consignee was permitted to recover even though the notice of claim had been filed solely by the consignor;

Hines v. *Mason,* 221 S. W. 861, which held that written notice given by shipper's attorney was sufficient;

Layton v. *Central of Georgia Ry. Co.,* 149 S. E. 431, which permitted a recovery even though the written notice was given by the factor who sold the goods shipped;

McColter v. *Norfolk Southern R. Co.,* 100 S. E. 326 where recovery was permitted even though the notice of claim was filed by the broker for the shipper.

POINT II

In an action against a common carrier for damage to property while in transit, the plaintiff proves a *prima facie* case when it proves that the property was in good condition when delivered to the carrier, and that it was in a damaged condition when delivered by the carrier at destination. Thereafter, the carrier, in order to be absolved of liability, cannot rest on mere proof that it was free from any act of negligence, which is all that is required of an ordinary bailee, but it must affirmatively prove one or more of the four excepted causes which are required of an insurer.

In Chicago & E. I. R. R. Co. v. *Collins Co.,* 249 U. S. 186, this court said:

"The common law principle making the common carrier an insurer is justified by the purpose to prevent negligence or collusion between dishonest carriers or their servants and thieves or others, to the prejudice of the shipper, who is, of necessity, so remote from the property, when in transit, that proof of such collusion or negligence, when existing, would be difficult if not impossible."

To the same effect are the following cases:

Callister v. *U. S. Shipping Board,* 21 F. (2d) 447;
Singer v. *American Express Co.,* 219 S. W. 662, certiorari denied, 254 U. S. 632;
Produce Co. v. *Thompson* (1950), 228 S. W. 2d 344;
Galveston H. & S. A. Ry. Co. v. *Wallace,* 223 U.S. 481;
Great Atlantic & Pacific Tea Co. v. *Brasaleiro,* 159 F. (2d) 661;
Southern Ry. Co. v. *Pettit,* 257 F. 663;
Bank of Kentucky v. *Adams Express Co.,* 93 U. S. 174.

In *Galveston H. & S. A. Ry. Co.* v. *Wallace,* 223 U. S. 481, the question as to what proof was required of the carrier, after plaintiff proved a *prima facie* case, was squarely presented. The court said:

"The plaintiffs were not obligated both to prove their case and to disprove the existence of a defense. The carrier and its agents, having received possession of the goods, were charged with the duty of delivering them, or explaining why that had not been done. This must be so, because carriers not only have better means, but often the only means, of making such proof. If

the failure was due to the act of God, the public enemy or some cause against which it might lawfully contract, it was for the carrier to bring itself within such exception. In the absence of such proof the plaintiffs were entitled to recover, and the judgment is affirmed."

The case of *Chesapeake & Ohio Ry. Co.* v. *Thompson Mfg. Co.*, 270 U. S. 416, is easily distinguishable, and is certainly no authority from this court for a holding that a common carrier is subject only to that degree of proof which is required of an ordinary bailee. In that case the plaintiff brought his action under that section of the Carmack Amendment which (at the time) permitted the bringing of an action even though no written notice of claim had been filed. The statute permitting this cast the burden of proving the actual negligence of the carrier on the plaintiff. Under those facts, this court held that the carrier need only rebut the proof of negligence, and could do so in the same way as an ordinary bailee.

But, in the case at bar, in connection with the two cars of merchandise as to which the filing of written notice of claim was not in issue, plaintiff was not required to, and did not attempt to prove the actual, affirmative negligent act of the carrier, but relied on the *prima facie* presumption in its favor on proof of good condition when delivered to the carrier and damaged condition on arrival. This, then, put the carrier to the burden of proving that the damage was occasioned by one of the "excepted causes," as required by the principle of law enunciated in all of the cases cited above.

CONCLUSION

It is therefore respectfully submitted that
and the two principles of law involved, is c
for the exercise by this Court of its supervis
by granting a writ of certiorari and thereaf
ing and reversing the decision of the Court c

Respectfully submitted,

CHARLES GARFI
Counsel for
160 Broad
New Yo

AUG 30 1951

CHARLES ELMORE CROPLEY

IN THE

Supreme Court of the United States

October Term, 1951.

No. 216.

DELPHI FROSTED FOODS CORPORATION,
Petitioner and Appellant Below,

versus

ILLINOIS CENTRAL RAILROAD COMPANY,
Respondent and Appellee Below.

BRIEF FOR RESPONDENT AND APPELLEE.

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WESTERFIELD-BONTE CO., INCORPORATED, LOUISVILLE, KY.

OPINIONS OF COURTS BELOW.

Delphi Frosted Foods Corporation v. Illinois Central R. Co., No. 438 U. S. D. C. W. D. Kentucky, March 3, 1950, 89 F. Supp. 55.

Delphi Frosted Foods Corporation v. Illinois Central R. Co., No. 11,193 U. S. C. A., 6th Circuit, April 10, 1951, 188 F. 2d 343, Advance Sheets Federal Reporter May 28, 1951.

SUBJECT INDEX.

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Counter-Statement of Facts 1

I. Petition for Certiorari Filed August 1, 1951, Not in Time 3

This case was decided by the United States Court of Appeals, Sixth Circuit, April 10, 1951. The time for filing petition for certiorari expired July 10, 1951. The date of the issue of the mandate does not affect right to apply for certiorari.

II. No Notice Given 7

Petitioner was required by the bill of lading to give notice of a claim within 9 months. It failed to plead or prove that it had given such notice. Claims made against the delivering carrier by persons who had contracted to purchase some parts of the shipments, such persons not being agents of the petitioner, and having no title to the goods shipped, were not sufficient.

IN THE

Supreme Court of the United States

October Term, 1951.

No. 216.

DELPHI FROSTED FOODS CORPORATION,
Petitioner and Appellant Below,

v.

ILLINOIS CENTRAL RAILROAD COMPANY,
Respondent and Appellee Below.

BRIEF FOR RESPONDENT AND APPELLEE.

COUNTER-STATEMENT OF FACT.

Delphi Frosted Foods Corporation sued the Illinois Central Railroad Company, as initial carrier, claiming that it was liable for alleged damage to six (6) cars of frozen fruit, consisting of strawberries, dewberries, blackberries and peaches, shipped from Paducah, Kentucky, during the month of July, 1945. Five (5) of the cars were consigned to Jersey City, and one to New Orleans. The action was brought under the Carmack Amendment. The bills of lading required that written claims be filed with the carrier within nine (9) months

after delivery of the property. As to four (4) of the six (6) cars, the Illinois Central claimed that the giving of the notice required by the provisions of the bill of lading had neither been plead nor proven. Persons who had contracted for some portions of each shipment, title to which never passed to them, made claims against the Erie Railroad Company. Delphi contended that the claims asserted against the Erie by these purchasers was a sufficient compliance with the notice provision of the bill of lading. The District Court held that the notice contemplated by the bill of lading should be given by the claimant and not by others, and that the claim for damages by persons who had contracted for some portion of the goods was not a compliance.

The District Court also held that Delphi Frosted Foods Corporation failed to show that the shipments were delivered to the Illinois Central Railroad Company in good condition. All of its evidence was general. There was no specific testimony as to the processing or freezing of any particular fruit in any particular car. It was shown by the railroad company on the other hand that the manager of the processing plant had stated that there was a break-down of the refrigerating plant in July; that there was no protection by canvas tunnel of the processed fruit as it was carried through the sun on the loading platform, and that no canvas covers were used over the doors of the cars while they were being packed. It was shown that in the two (2) cars in question, the peaches were discolored but the berries were in good condition. Experts who testified stated that the fact that only parts of the shipments

were in bad order indicated that there had been defective processing or loading. It was shown that maggots were found by the Government inspectors in some of the berry shipments. This indicated, according to the proof, that the shipments were damaged by flies and maggots before they were processed. It was shown that slip cover tops of the cans of the peaches were not airtight, and that when the cars are not properly braced such tops are apt to come off. The shipments were made "shippers load and count." The cars were in the hands of the shipper for several days before they were turned over to the railroad. Instructions of the shipper as to the quantity of ice and salt and the frequency with which the cars were to be iced were complied with. In the opinion of three (3) well qualified experts, the loss was due to the improper processing of the fruit. The District Court heard the testimony of witnesses on every essential point, and found that the appellant did not sustain its burden.

I.

PETITION FOR CERTIORARI FILED AUGUST 1, 1951—NOT IN TIME.

This case was decided by the United States Court of Appeals of the Sixth Circuit, April 10, 1951. The date appears in the official reports, 188 F. 2d 343. We file with our brief a certified copy of the order of the United States Court of Appeals, which is as follows:

"UNITED STATES CIRCUIT COURT OF APPEALS
For the Sixth Circuit.

No. 11,193.

DELPHI FROSTED FOODS CORPORATION, - *Appellant,*

v.

ILLINOIS CENTRAL RAILROAD COMPANY, *Appellee.*

Before SIMONS, ALLEN and MCALLISTER,
Circuit Judges.

Appeal from the District Court of the United States for the Western District of Kentucky.

THIS CAUSE came on to be heard on the transcript of the record from the District Court of the United States for the Western District of Kentucky, and was argued by counsel.

ON CONSIDERATION WHEREOF, It is now here ordered and adjudged by this Court that the judgment of the said District Court in this cause be and the same is hereby affirmed.

Approved for entry:

(Signed) Florence E. Allen,
U. S. Circuit Judge.

Filed and entered
April 10, 1951.

A true copy

Attest: J. W. Menzies,
Clerk, U. S. Court of Appeals
For the Sixth Circuit,
By: Carl W. Reuss,
Chief Deputy Clerk."

It will be noted that the judgment was signed and entered April 10, 1951. It appears, therefore, that the time for filing application for certiorari expired July 10, 1951. *Supreme Court Rule 38 (page 31). Act of February 13, 1945 (page 7 of appendix to Supreme Court Rules).* The petition for certiorari was filed August 1, 1951, twenty-two (22) days after the expiration of the time. In the petition, the attorney for the petitioner states:

> "The petitioner appealed to the United States Court of Appeals, Sixth Circuit, where the judgment was unanimously affirmed by judgment of affirmance entered May 3, 1951."

The above statement appears to be misleading. Undoubtedly the three (3) months period referred to in the Act of February 13, 1925, Section 8, began to run on April 10, 1951. The Act provides:

> "That no writ of error, appeal or writ of certiorari intended to bring any judgment or decree before the Supreme Court for review shall be allowed or entertained, unless application therefor be duly made within three (3) months after the entry of such judgment or decree * * *."

The judgment or decree referred to is obviously that of the Court from which the appeal is taken. May 3, 1951, is the date of the mandate issued by the Clerk of the Court. The following is quoted from Federal Appellate Practice by Carl W. Ruess, Chief Deputy Clerk of the United States Court of Appeals, for the Sixth Circuit, a work which we have found accurate:

"PETITION FOR CERTIORARI NOT AFFECTED BY ISSUANCE OF MANDATE. The fact that the mandate of the appellate court has been issued to the trial court does not affect the right of a party to apply for a writ of certiorari, nor does it affect the power of the Supreme Court to grant the writ. On the other hand, the filing of a petition for writ of certiorari does not, of itself, operate to stay the issuance of the mandate. A formal written motion for stay of mandate must be filed, as indicated in the preceding section.

"BOND ON STAY OF MANDATE. It is not customary for the Court in the ordinary case to require additional bond as a condition precedent to a stay of the mandate."

Motion is frequently made to stay the mandate pending the filing of petition for writ of certiorari. Under Rule 30 of the Sixth Circuit such motion must be made within twenty (20) days from the date of the court's decision, or within five (5) days after the denial of a petition for rehearing. No such motion was made in this case. The fact that it may be made indicates that our construction and that of the author of the above work is correct. This point would seem to dispose of the petitioner's application for certiorari. Under Rule 7, (3):

"No motion by respondent to dismiss a petition for writ of certiorari will be received. Objections to the jurisdiction of the Court to grant writs of certiorari may be included in briefs in opposition to petitions therefor."

We understand from the above that our objections should be presented in this form, and not by motion. Since the rule makes it necessary for us to file brief in opposition to the petition, we will also state our position on the questions referred to by petitioner appellant.

II.

NO NOTICE GIVEN.

Paragraph 2 (b) of each of the bills of lading upon which the shipments were made, was in part as follows:

> "As a condition precedent to recovery, claims must be filed in writing with the receiving or delivering carrier, or carrier issuing this bill of lading, or carrier on whose line the loss, damage, injury or delay occurred, within nine (9) months after delivery of the property * * * or in case of failure to make delivery then within nine (9) months after a reasonable time for delivery has elapsed; * * *"

This provision is permissible under Paragraph 11 of Section 20 of the Interstate Commerce Act. *Section 20 (11), Title 49, U. S. C. A.* When these provisions of the bills of lading were plead as to MDT Car No. 21740, Paragraph II of the Complaint; IC Car No. 54400, Paragraph III of the Complaint; IC Car No. 50187, Paragraph VII of the Complaint, the defendant plead in a reply that written claims for damage to the shipments in Cars MDT 21740, Paragraph II of the Complaint; IC Car No. 54400, Paragraph III of the Complaint, and IC Car No. 52065, Paragraph IV of the

Complaint, were made against the Erie. It does not plead that such written claims for damage were made by it, and the record shows that these claims were made by numerous other persons who claimed to have purchased certain parts of the contents of the cars from the plaintiff. In view of the fact that these claimants who purchased from Delphi purchased only parts of the shipments that the shipments were not damaged as a whole, but damaged only in part in several instances, and that the claims were defeated because it was held that title had never passed to these claimants, it seems clear that these claims made by third parties did not constitute notice.

Certain of Delphi's customers sued Delphi in the State Courts of the State of New York for a refund of amounts paid by them. The New York court held that title had not passed to the customers. The District Court and the Court of Appeals held that the notice was to be given by the claimant and not by others. While notice to the delivering carrier by the claimant would have been sufficient, the assertion of claims for damages by persons who had contracted to purchase some parts of the shipments was not sufficient. Title to the goods had not passed to these persons and they were not agents of the appellant petitioner. *Chespeake & Ohio Railroad Company* v. *Martin,* 283 U. S. 222, 51 S. Ct. 458; *Appalachian Electric Power Company* v. *Virginian Railway Company,* 126 W. Va. 626, 29 S. E. 2d 451; *Southern Pacific Co.* v. *Stewart,* 248 U. S. 446, 39 S. Ct. 139, 63 L. Ed. 350; *St. Louis, Iron Mountain & Southern Ry. Co.* v. *Starbird, Admr.,* 243 U. S. 592, 37 S. Ct. 462,

61 L. Ed. 917; *Gooch* v. *Oregon Short Line Rd. Co.*, 258 U. S. 22, 42 S. Ct. 192, 66 L. Ed. 443; *American Ry. Express Co., Inc.*, v. *The Fashion Shop, Inc.*, 56 App. D. C. 114, 10 F. 2d 909; *Manby* v. *Union Pacific R. Co.*, 8 Cir., 10 F. 2d 327; *Insurance Co. of North America* v. *Newtowne Mfg. Co.*, 1 Cir., 187 F. 2d 675.

The pleading in Paragraph 5 of plaintiff's reply, Transcript pages 61 to 64, does not appear to meet the requirement that the giving of the notice must be plead. In the case of *L. & N. Railroad Company* v. *Home Fruit and Products Company*, 310 Ky. 269, 220 S. W. 558, it was held that the failure to allege that written notice of plaintiff's claim for damage was filed within nine (9) months was fatal, and that the petition failed to state a cause of action. See also, *L. & N. Railroad Company* v. *Patton*, 288 Ky. 450, 160 S. W. 2d 474. No circumstances were shown bringing actual or constructive notice to Illinois Central that claims would be made against it. It was, therefore, held that because of the failure to file such claims within the nine (9) months period, there could be no recovery for damage to the contents of the four (4) cars in question.

III.

APPELLANT'S PROOF INSUFFICIENT.

Title 49, Section 101, U. S. C. A., a part of what is sometimes known as the Bills of Lading Act, is in part as follows:

> *"Sec. 101. Loading by shipper; contents of bill; ascertainment of kind and quantity on request.*

When package freight or bulk freight is loaded by a shipper and the goods are described in a bill of lading merely by a statement of marks or labels upon them or upon packages containing them, or by a statement that the goods are said to be goods of a certain kind or quantity, or in a certain condition, or it is stated in the bill of lading that packages are said to contain goods of a certain kind or quantity or in certain condition, or that the contents or condition of the contents of packages are unknown, or words of like purport are contained in the bill of lading, such statements, if true, shall not make liable the carrier issuing the bill of lading, although the goods are not of the kind or quantity or in the condition which the marks or labels upon them indicate, or of the kind or quantity or in the condition they were said to be by the consignor. The carrier may also by inserting in the bill of lading the words 'Shipper's weight, load, and count,' or other words of like purport indicate that the goods were loaded by the shipper and the description of them made by him; and if such statement be true, the carrier shall not be liable for damages caused by the improper loading or by the non-receipt or by the misdescription of the goods described in the bill of lading."

See *Standard Hotel Supply Company* v. *Pennsylvania Railroad*, 65 Fed. Supp. 439, U. S. D. C., S. D., N. Y., in which the Tariff Rules No. 130, 135 and 35 are set out. In effect, the New York Court held in the above case that where the loading of perishable matter was done by shipper under a "shippers load and count" bill of lading, the obligation was placed on the shipper of seeing that the car was properly loaded, and

at a proper temperature; that the shipper was supposed to know the condition of his own commodity, and the requisite amount and period of pre-icing that the commodity required.

Rules No. 130 and No. 135, Perishable Freight Committee, Perishable Protective Tariff No. 13, are as follows:

"Rule No. 130:

"CONDITION OF PERISHABLE GOODS NOT GUARANTEED BY CARRIERS.—Carriers furnishing protective service as provided herein do not undertake to overcome the inherent tendency of perishable goods to deteriorate or decay, but merely to retard such deterioration or decay in so far as may be accomplished by reasonable protective service of the kind and extent requested by the shipper, performed without negligence."

Rule No. 135:

"LIABILITY OF CARRIERS.—Property accepted for shipment under the terms and conditions of this tariff will be received and transported subject to such directions, only, and to such election by the shipper respecting the character and incidents of the protective service as are provided for herein. The duty of the carriers is to furnish without negligence reasonable protective service of the kind and extent so directed or elected by the shipper and carriers are not liable for any loss or damage that may occur because of the acts of the shipper or because the directions of the shipper were incomplete, inadequate or ill-conceived."

Respondent had no control over the cars while they stood for days at a time on the tracks of the shipper. IC Car No. 52116 remained on Craddock's track for three (3) days; IC car No. 55845 remained on Craddock's track for four (4) days (Tr. 542, 543). It had no information and was not required to have any information as to the processing or loading of the commodities shipped. It was required to simply perform its contract with reference to the icing of the cars, and to transport the cars within a reasonable time. Defendant contends that it established by uncontradicted evidence that it had performed this duty. The testimony of C. A. Richardson was supported by that of Fred S. Hobbs, representative of the Railroad Perishable Inspection Ageney, an independent association which inspected five (5) of the six (6) shipments involved. The witness, Hobbs, imputed the loss to improper processing before the fruit was frozen (T. R., pp. 663-664). See also stipulation as to IC Car No. 55845, pages 672, 763. He states that there was a general failure of peach shipments in 1945 due to oxidation and the failure to use ascorbic acid (Tr., p. 668).

It appears to us that the conclusion that the damage was done to these shipments before they were frozen finds support in the testimony of Roy S. Pruitt, and the Government inspectors, whose findings were placed in the record by him. Roy S. Pruitt is in charge of the St. Louis Office of the Pure Food and Drug Administration. He is the chief of the St. Louis District of the Food and Drug Administration, directing

the activities of chemists and inspectors in the enforcement of the law. His experience covers twenty (20) years (Tr. 479, 480). In some of the samples referred to maggots were found, an average of twenty-five (25) maggots per pound (Tr. 491). It is a matter of common knowledge that maggots are the product of the eggs of some type of fly (Tr. 508). Mr. Pruitt says they were vinegar flies. Certainly they would not leave or deposit their eggs in the cold temperatures of the freezer or the interior of a car. This condition and the fermentation must have taken place prior to the freezing of the fruit. Defendant is not required to know or show when it took place. The conditions found in samples from three (3) of the cars referred to by Pruitt must have originated when temperatures were high enough to cause fermentation and the damage done by flies. The cars were shipped from Paducah in July, 1945. Evidence for the petitioner that the doors of the cars were covered with a heavy cloth during the loading and that the loading platform was covered was contradicted by the positive statement of the witness, Jesse Flowers, who was frequently present during the period of loading; that no canvas tunnel was used to protect the fruit from the sun and that he saw no cover over the door (Tr. 598, 551). Caldwell, manager of petitioner's plant, told him the delay in loading was caused by a refrigerating plant break-down (Tr. 552). The same information as to a plant break-down appears in two (2) official reports from an inspector of the Food and Drug Administration (Tr., p. 485). Reports from the same Department

of the Government showed maggots in berries 25 to the pound (Tr., p. 491). In carload shipments, some fruit was found to be decomposed, and other fruit allegedly processed and handled in the same manner was found to be in good condition; for example, the damage to peaches in IC Car No. 50187 was limited to those in the 26-pound cans. Peaches in the 30-pound cans in that shipment were in good condition (Tr. 492). A shipment to the Mound City Cold Storage Company at St. Louis, not involved in this proceeding, but processed at the same plant in the same manner in July, 1945, was found to contain rotten, fermented, moulded berries (Tr. 500). The witness, Roy Pruitt, Chief of the St. Louis district of the Food and Drug Administration, was qualified as an expert in the course of his cross-examination. As to IC Car No. 50187, he expressed the opinion that that part of the shipment of peaches, which was in bad order, probably became bad before it was shipped (Tr. 502). In his opinion the maggots and fermentation in parts of the shipment were "* * * in there at the time the fruit was processed" (Tr. 517). The flies, from whose eggs maggots come, do not frequent a place under fifty (50) degrees temperature (Tr. 508). The witness, John J. Strangeway, Inspector for the Railroad Perishable Inspection Agency, introduced by the appellant, did not find any of the usual containers for dry ice in the cars inspected by him (Tr. 462). He found no bracing in any of the cars (Tr. 463). In his opinion, the slip-top cans, which were used exclusively for the shipments of peaches, would cause oxidation, and without bracing

the slip-tops would work off from the normal vibration of a train (Tr. 462, 463).

Appellee introduced a large number of witnesses, whose evidence was heard orally. Many witnesses who were available were permitted to leave under stipulations. More than forty (40) depositions were taken by appellee in several States. Appellee not only showed a complete record of the handling and icing of all of the cars, but introduced proof, not merely by records kept in the usual course of business, which would have been competent, but by the witnesses who made the records. By all of these witnesses it has been shown that the six (6) cars were handled in accordance with instructions, and handled within a reasonable time. The cars were iced in accordance with the requirements of the bill of lading on which they were shipped. With these proven facts as a background, the witnesses, C. A. Richardson, Fred S. Hobbs and Roy S. Pruitt, expressed the opinion that the damage to the fruit was caused by improper processing and loading before the transportation began.

It is thus shown by the preponderance of the evidence that the fruit was necessarily in bad condition before loading. We have pointed out that the evidence shows that the appellee and connecting carriers did their full duty under the tariff provisions and the bill of lading. This of itself tends to prove either that the fruit was in bad condition when loaded, or that the shipper's instructions, which were carried out, were inadequate. Certainly this evidence was sufficient to support the Court's conclusion that appellant had not sustained the burden.

IV.

EFFECT OF CONTRACT.

Petitioner appellant relies upon the rule that evidence of delivery of shipment to a carrier in good condition and delivery by a carrier in bad condition makes out a *prima facie* case of negligence. The rule was recognized by the courts below. It is not available to petitioner, as pointed out above, because it did not make out a *prima facie* case. It is not helpful to petitioner for the further reason that its contention ignores the provisions of the bill of lading and the tariff provisions quoted above. The bill of lading provided that the fruit was to be transported "shippers load and count." The carrier was not responsible for improper loading and was under no obligation to see that the car was properly loaded, or loaded at a temperature low enough to protect the frozen fruit.

South Carolina Asparagus Growers Association v. Southern Railway Company, 4th Cir., 46 F. 2d 452;

Standard Hotel Supply Company v. Pennsylvania Railroad Company, 65 F. Supp. 439.

The carrier's instructions given by the shipper were a part of the contract. It was required to give standard refrigeration, thirty percent (30%) salt and seventy percent (70%) ice. The respondent appellee showed without dispute that from the time of shipment to the time of arrival it gave protective service to these cars, as required by the tariff and bill of lading. Experts

whose qualifications were shown, testified that the cars were transported within a reasonable time (Tr. 531, 535, 536, 633, 636, 637, 638). Respondent also showed the history and condition of the cars (Tr. 567, 568). The lower courts held that this evidence was a sufficient showing of compliance with its contractual obligation and that it tended to exclude any possibility of liability for negligence.

Chespeake & Ohio Railroad Company v. A. F. Thompson Manufacturing Company, 270 U. S. 416, 46 S. Ct. 318, 79 L. Ed. 659.

It was held that the failure of the plaintiff to establish delivery of the shipment in good condition and the positive showing that the carrier had given protective service as required by its contract, required a judgment for the respondent.

RELIEF.

It is respectfully urged that the petition for certiorari should be dismissed:

1. Because it was not filed in time.
2. The judgments of the District Court and the United States Court of Appeals should be affirmed:
   (a) Because the proof shows without dispute that as to four (4) of the cars, the giving of notice as required by the bill of lading was neither plead nor proven;
   (b) As to the remaining cars (or all of them) petitioner did not prove the delivery of the

frozen fruit to the railroad in good condition, the proof showing rather that the food was improperly processed and loaded, and

(c) The evidence established the fact that the railroad gave proper protective service as required by the tariff and bill of lading.

Respectfully submitted,

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